

MICHIGAN PUBLIC SERVICE COMMISSION

ADDITIONAL SCHEDULES FOR AN ELECTRIC UTILITY COOPERATIVE

This form is authorized by Case No. U-12134, the Code of Conduct.  
Filing of this form is mandatory.

Report submitted for year ending: December 31, 2004
Present legal name of respondent: Homeworks Tri-County Electric Cooperative
Present DBA name in Michigan if different from legal name:
Address of principal place of business: 7973 E Grand River Ave, Portland MI 48875
Utility representative to whom inquiries regarding this report may be directed: Name Kenneth Kilmer Title Accounting Supervisor Address 7973 E Grand River Ave City Portland State MI Zip Code 48875 Telephone: ( 517 ) 647-1243 E-mail: kkilmer@homeworks.org
If the utility name has been changed during the past year: Prior Name Date of Change
One copy of the same annual report, Form 7, you submit to the RUS or CFC: <input checked="" type="checkbox"/> was forwarded to the Commission <input type="checkbox"/> will be forwarded to the Commission on or about April 22, , 20 05 .

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor  
(517) 241-6103 OR [blballi@michigan.gov](mailto:blballi@michigan.gov)

Michigan Public Service Commission  
Regulated Energy Division  
6545 Mercantile Way  
PO Box 30221  
Lansing, MI 48909

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Homeworks Tri-County Elec	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	4-26-05	Dec. 31, 20_04

**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact. None
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization. None
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission. None
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization. None
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing None

sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee. None
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments. None
8. State the estimated annual effect and nature of any important wage scale changes during the year. N/A
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year. N/A
10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest. None
11. (Reserved.)

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be included on this page. N/A

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**STATEMENT OF CASH FLOWS**

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be include them on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. Provide also on pages 122-123 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities:	
2	Net Income (Line 72(c) on page 117)	
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	
5	Amortization of (Specify)	
6		
7		
8	Deferred Income Taxes (Net)	
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	
11	Net (Increase) Decrease in Inventory	
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net Increase (Decrease) in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

SEE ATTACHED STATEMENT OF CASH FLOW

**TRI-COUNTY ELECTRIC COOPERATIVE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash flows from operating activities		
Net margins	\$ 3,460,281	\$ 2,395,091
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation	1,961,850	1,812,246
Amortization of deferred credits	(95,235)	(95,235)
Loss on disposition of fixed assets	29,656	16,415
Income from subsidiary	(740,170)	(410,658)
Capital credits-non cash	(1,692,905)	(601,914)
Inventories	(153,455)	(5,204)
Accounts receivable	(437,291)	(14,699)
Accounts payable	32,239	(133,057)
Prepaid expenses	3,968	(56,245)
Accrued expenses	(138,716)	92,160
Notes receivable	(28,865)	47,714
Customer deposits	258	27,144
Refunds payable to customers	305,257	(17,656)
Post-retirement benefits	48,506	92,190
Deferred credits	(12,620)	31,485
Total adjustments	<u>(917,523)</u>	<u>784,686</u>
Net cash provided by operating activities	<u>2,542,758</u>	<u>3,179,777</u>
Cash flows from investing activities:		
Acquisition of electric plant	(6,549,891)	(4,324,505)
Proceeds from sale of electric plant		19,118
Deferred gain from insurance proceeds	469,752	
Restricted cash	<u>(288,801)</u>	<u>(40,976)</u>
Net cash provided (used) by investing activities	<u>(6,368,940)</u>	<u>(4,346,363)</u>

See notes to financial statements.

**TRI-COUNTY ELECTRIC COOPERATIVE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
Cash flows from financing activities:		
Issuance of long-term debt	\$ 3,500,000	\$ 2,600,000
Payments on long-term debt	(1,304,832)	(1,268,890)
Net borrowings (repayment) of line of credit	1,958,003	1,200,000
Patronage capital retired	(499,818)	(494,465)
Memberships issued - net	<u>14,215</u>	<u>19,408</u>
Net cash provided by financing activities	<u>3,667,568</u>	<u>2,056,053</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (158,614)	 889,467
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>889,467</u>	 <u>          </u>
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 730,853</u>	 <u>\$ 889,467</u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 974,594</u>	<u>\$ 925,594</u>
Income taxes	<u>\$</u>	<u>\$</u>

See notes to financial statements.

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**NONUTILITY PROPERTY (Account 121)**

- |   |  |
|---|--|
| <p>1. Give a brief description and state the location of nonutility property included in Account 121.</p> <p>2. Designate with a double asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> | <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property.</p> <p>5. Minor items (5% of the Balance at the End of the Year for Account 121 or \$ 100,000, whichever is less) may be grouped by (1) previously devoted to public service, or (2) other nonutility property.</p> |
|---|--|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	Vacant Lot Canadian Lakes	\$3,300	-0-	\$3,300
2				
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TOTAL		\$3,300	-0-	\$3,300

**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)**

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	-0-
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	
8	Net Charges for Plant Retired:	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	
13	Other Debit or Credit Items (Describe):	
14		
15	Balance, End of Year (Enter Total of lines 7, 12, and 14)	-0-

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INVESTMENTS (Accounts 123, 124, 136) (continued)

listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year <i>(If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)</i> (f)	Revenues for Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
SEE ATTACHED SCHEDULE - page 223					1
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**HomeWorks Tri County Electric Cooperative  
GENERAL LEDGER ACCOUNT ANALYSIS-2004**

**Schedule - PAGE 223**

Account	Description	Balance @ 12/31/03	Investment/ Allocation	Cash Received	Net Change	Balance @ 12/31/04
1.1.123.10	CFC Patronage	326,815.50	90,135.35	77,629.05	12,506.30	339,321.80
1.1.123.11	Tri-Co Services	1,848,371.87	740,170.00		740,170.00	2,588,541.87
1.1.123.12	United Services Alliance - MBSP	500.00			0.00	500.00
1.1.123.12	United Services Alliance, Inc.	0.00			0.00	0.00
1.1.123.20	Portland Federal Credit Union	0.75			0.00	0.75
1.1.123.22	CFC CTC'S	1,085,589.68	71,652.16	21,059.72	50,592.44	1,136,182.12
1.2.123.22	CFC Memberships	1,000.00			0.00	1,000.00
1.3.123.22	CRC Memberships	3,103.11	10,000.00		10,000.00	13,103.11
1.1.123.23	MECA Building and Property	34,477.00			0.00	34,477.00
1.2.123.23	MECA Memberships	1,000.00			0.00	1,000.00
1.1.123.24	NRTC	115.46	576.48	172.94	403.54	519.00
1.2.123.24	National Coop Service Corp MBSP	100.00			0.00	100.00
1.1.123.30	Wolverine Capital Credits	9,335,164.75	1,946,192.00	608,578.01	1,337,613.99	10,672,778.74
1.1.123.31	NISC - National Information Solutions Cooperative	58,160.55	668.07	140.29	527.78	58,688.33
1.1.123.40	RESCO Capital Credits	27,618.00	1,948.24	389.65	1,558.59	29,176.59
1.1.123.50	Rural Service Corp	0.00			0.00	0.00
1.1.123.60	Federated Rural Electric	40,757.91	7,940.10	1,223.00	6,717.10	47,475.01
1.1.123.70	RESCO Capital Credits	55.01			0.00	55.01
<b>Totals</b>		<b>12,762,829.59</b>	<b>2,869,282.40</b>	<b>709,192.66</b>	<b>2,160,089.74</b>	<b>14,922,919.33</b>



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**RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)**

- |   |  |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	SEE ATTACHED SCHEDULE OF INTER COMPANY TRANSACTIONS-pages 226B and 260B					
2						
3						
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22						
23						
24						
25	TOTAL					

HomeWorks Tri County Electric Cooperative

Schedule of Inter company Transactions - Pages 226B and 260B

For the Year Ended December 31, 2004

Account	Description	12/31/2003 Balance	Debits	Credits	12/31/2004 Balance	Interest for Year*
143.00/10	A/C Receivable - Other - Tri Co Services	74,179.79	1,206,987.40	1,128,668.66	152,498.53	-
143.01/01	Energy Choices - Labor Transfer	-	3,059.08	3,059.08	-	-
143.05/01	Powernet Labor Transfer	6,981.92	18,205.16	24,909.09	277.99	-
143.07/01	Propane Expense Accum for Tri-Co	60,144.99	329,128.05	389,273.04	-	-
143.08/01	Propane Labor Accum for Tri-Co	-	47,727.51	47,727.51	-	-
143.09/01	Telecommunication Expense for Tri-Co	802.94	5,671.62	6,474.56	-	-
143.12/01	Tri-Co DirecWay Labor Transfer	198.30	5,459.66	5,657.96	-	-
	<b>Total</b>	<b>111,546.09</b>	<b>1,616,238.48</b>	<b>1,605,769.90</b>	<b>152,776.52</b>	<b>-</b>
232.01/01	Account Payable - Tri-Co Services	-	92,065.31	92,541.20	475.89	-
232.05/01	Account Payable - to Powernet-Blan Collected	164.50	50,097.59	55,663.49	5,730.40	-
232.07/01	Accounts Payable - Propane	1,692.05	972,649.34	1,007,682.15	36,724.86	-
	<b>Total</b>	<b>32,346.14</b>	<b>1,022,746.93</b>	<b>1,063,345.64</b>	<b>42,455.26</b>	<b>-</b>

\*All monies were paid between Cooperative and Affiliate on a timely basis and no interest was charged/paid.

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**ALLOWANCES (Continued)**

6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales or auction of the withheld allowances.

7. Report on lines 8-14 the names of vendors/transferees of allowances acquired and identify associated companies (See "associated co." under "Definitions" in Uniform System of Accounts).

8. Report on lines 22-27 the names of purchasers/transferees of allowances disposed of and identify associated companies.

9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.

10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.

20__		20__		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								1
N/A								2-4
								5
								6-8
								9
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								41-43
								44
								45
								46

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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224)**

- |   |   |
|---|---|
| <p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under</p> | <p>which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p> |
|---|---|

Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>	Principal Amount of Debt Issued	Total Expense, Premium or Discount
(a)	(b)	(c)	
1	N/A		
2			
3			
4			
5			
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22			
23			
24			
25	TOTAL		

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LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt - Credit*.

12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.

14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.

16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
SEE ATTACHED	5 of 7	FROM FORM	7			1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
						25

CFC FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION MI026	
	YEAR ENDING	12/31/2004

**PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)**

LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")		
	NAME OF LESSOR	RENTAL THIS YEAR
1.	N/A	\$0
2.		
TOTAL		\$0

\*\* "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000).

**PART O. LONG-TERM DEBT SERVICE REQUIREMENTS**

	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY (e)
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	
1.	National Rural Utilities Cooperative Finance Corporation	26,981,807	987,194	1,304,832	2,292,026	
2.	RUS - Economic Development Loan	107,388	0	44,462	44,462	
3.		0	0	0	0	
4.		0	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
TOTAL (Sum of 1 thru 9)		\$27,089,195	\$987,194	\$1,349,294	\$2,336,488	

1.1.2004.20  
1.1.2004.99

*schedule - Page 257*

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 2004
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**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

- |  |  |
|--|--|
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> | <p>4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p align="center">* See definition on page 226B</p> |
|--|--|

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	SEE ATTACHED SCHEDULE OF INTER COMPANY TRANSACTIONS-page 226B and 260B					
2						
3						
4						
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19						
20						
21						
22						
23						
	<b>TOTAL</b>					

HomeWorks Tri County Electric Cooperative

Schedule of Inter company Transactions - Pages 226B and 260B

For the Year Ended December 31, 2004

Account	Description	12/31/2003 Balance	Debits	Credits	12/31/2004 Balance	Interest for Year*
143.00/10	A/C Receivable - Other - Tri Co Services	74,179.79	1,206,987.40	1,128,668.66	152,498.53	-
143.01/01	Energy Choices - Labor Transfer	-	3,059.08	3,059.08	-	-
143.05/01	Powernet Labor Transfer	6,981.92	18,205.16	24,909.09	277.99	-
143.07/01	Propane Expense Accum for Tri-Co	60,144.99	329,128.05	389,273.04	-	-
143.08/01	Propane Labor Accum for Tri-Co	-	47,727.51	47,727.51	-	-
143.09/01	Telecommunication Expense for Tri-Co	802.94	5,671.62	6,474.56	-	-
143.12/01	Tri-Co DirecWay Labor Transfer	198.30	5,459.66	5,657.96	-	-
	<b>Total</b>	<b>111,546.09</b>	<b>1,616,238.48</b>	<b>1,605,769.90</b>	<b>152,776.52</b>	<b>-</b>
232.01/01	Account Payable - Tri-Co Services	-	92,065.31	92,541.20	475.89	-
232.05/01	Account Payable - to Powernet-Blan Collected	164.50	50,097.59	55,663.49	5,730.40	-
232.07/01	Accounts Payable - Propane	1,692.05	972,649.34	1,007,682.15	36,724.86	-
	<b>Total</b>	<b>32,346.14</b>	<b>1,022,746.93</b>	<b>1,063,345.64</b>	<b>42,455.26</b>	<b>-</b>

\*All monies were paid between Cooperative and Affiliate on a timely basis and no interest was charged/paid.



Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20 <u>04</u>
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.  
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated

Line No.	N/A	TOTAL AMOUNT
1	Utility net operating income (page 114 line 20)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4	Other (specify)	
5	Net income for the year (page 117 line 68)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	-0-

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 2004
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (Continued)**

return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2.

4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.

Utility	Other	Line No.
N/A		1
		2
		3
		4
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		6
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		9
		10
		11
		12
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		22
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		24
		25
		26

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20 <u>04</u>
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**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)**

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.

2. Individual gains or losses relating to property with an original cost of less than \$ 100,000 may be grouped with the number of such transactions disclosed in column (a).

3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of property:				
2	Various Equipment (10)	462,979.59		31,421.74	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain			31,421.74	

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20 <u>04</u>
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (Continued)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
18	Loss on disposition of property:				
19	Various Equipment (3)	5791			1765.77
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	5791			1765.77

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20 <u>04</u>
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$ 25,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain Civic, Political and Related Activities.)  
(a) Name and address of person or organization rendering services,  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
3. Designate with an asterisk associated companies.

Line No.		
1	Michigan Electric Cooperative Association	\$154,381.82
2	2859 W Jolly Road	
3	Okemos, MI 48864-3547	
4		
5		
6	Description of services-advertising, Legal, Legislative service, Training	
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35		

Name of Respondent HomeWorks Tri-County Electric	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20 <u>04</u>
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

- |  |   |
|--|---|
| <p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and</p> | <p>services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p> |
|--|---|

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)	
1	Tri-Co Services	100%	Administrative, Expense Reimbursements, Contracted Employees	1.20.454.00	\$66,239.42	(1)
2						
3						
4						
5	Venturennet LLC	16.7	Administrative, Expense Reimbursements	1.20.454.00	\$ 2,083.61	(2)
6						
7						
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30						
<b>TOTAL</b>					<b>\$68,323.03</b>	

Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 2004
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost. per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.	
(1)		1.10.143	1,206,987.40	1,664,272.74	cost/mkt	1	
		1.1.143.01	3,059.08			2	
		1.1.143.07	329,128.05			3	
		1.1.143.08	47,727.51			4	
		1.1.143.09	5,671.62			5	
		1.1.143.12	5,459.66				
(2)		1.1.143.05	18,205.16	20,288.77	cost/mkt	6	
							7
							8
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							29
			30				
			1,616,238.48	1,684,561.51			

Name of Respondent Homeworks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 2004
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Rural TV of MI	Subsidiary	Monthly Satellite TV programming	1.30.921	\$ 699.50
2	Homeworks Tri- County Propane	Subsidiary	Propane	1.30.921	\$1714.51
3	Power-Net Internet	Subsidiary	Internet Service	1.30.921	\$5262.90
4					
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30					
<b>TOTAL</b>					<b>\$7,676.91</b>



Name of Respondent HomeWorks Tri-County Elec	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4-26-05	Year of Report Dec. 31, 20_04
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**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
				\$ 699.50	FMV	1
				\$1,714.51	FMV	2
				\$5,262.90	FMV	3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						20
						21
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						25
						26
						27
						28
						29
						30
				\$7,676.91		

CFC  
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

MI026

YEAR ENDING

12/31/2004

PART R. POWER REQUIREMENTS DATA BASE

CLASSIFICATION	CONSUMER SALES & REVENUE DATA	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
		(a)	(b)	(c)	(d)	(e)	(f)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	21,740	21,743	21,740	21,784	21,819	21,841
	b. KWH Sold	20,075,506	17,498,634	16,870,246	14,731,977	14,821,571	15,276,935
	c. Revenue	1,847,366	1,642,017	1,632,611	1,466,991	1,472,175	1,557,345
2. Residential Sales - Seasonal	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
3. Irrigation Sales	a. No. Consumers Served	210	210	210	210	211	215
	b. KWH Sold	8,877	8,041	9,685	57,029	52,045	39,778
	c. Revenue	4,537	3,276	4,065	5,194	15,614	15,182
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	2,438	2,439	2,434	2,445	2,461	2,462
	b. KWH Sold	3,667,983	2,792,181	3,021,193	2,791,034	3,120,509	3,329,953
	c. Revenue	342,736	281,127	306,642	292,685	326,295	344,623
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	3	3	3	3	3	3
	b. KWH Sold	1,335,600	1,423,440	1,394,709	1,323,782	1,298,880	1,395,357
	c. Revenue	86,786	91,074	85,562	82,493	82,151	89,125
6. Public Street & Highway Lighting	a. No. Consumers Served	22	22	22	23	23	23
	b. KWH Sold	10,134	8,302	6,471	8,986	9,723	10,080
	c. Revenue	1,386	1,177	1,346	1,396	1,417	1,442
7. Other Sales to Public Authority	a. No. Consumers Served	135	134	134	134	133	134
	b. KWH Sold	501,266	494,542	491,850	445,886	445,566	444,444
	c. Revenue	42,539	42,324	43,335	40,972	42,088	41,875
8. Sales for Resales-REA Borrowers	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	0	0	0
	b. KWH Sold	0	0	0	0	0	0
	c. Revenue	0	0	0	0	0	0
10. TOTAL No. of Consumers (lines 1a thru 9a)		24,548	24,551	24,543	24,599	24,650	24,678
11. TOTAL KWH Sold (lines 1b thru 9b)		25,599,366	22,225,140	21,797,154	19,358,694	19,749,294	20,496,547
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)		2,325,350	2,060,995	2,073,561	1,892,631	1,939,740	2,050,592
13. Other Electric Revenue		10,958	46,624	20,071	22,463	20,878	21,359
14. KWH - Own Use							
15. TOTAL KWH Purchased		27,526,200	25,898,000	23,437,800	20,815,800	21,235,800	22,039,200
16. TOTAL KWH Generated		0	0	0	0	0	0
17. Cost of Purchases and Generation		1,529,895	1,375,908	1,347,102	1,236,683	1,202,562	1,321,582
18. Interchange - KWH - Net		0	0	0	0	0	0
19. Peak - Sum All KW Input (Metered)		51,043	47,379	45,108	36,972	36,313	51,252
Non-coincident _____	Coincident <input checked="" type="checkbox"/>						

CFC  
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION  
MI026  
YEAR ENDING 12/31/2004

PART R. POWER REQUIREMENTS DATA BASE (Continued)

(See preceding page 6 of CFC Form 7 for Headings of Line Item numbers below.)

LINE ITEM NUMBER		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL (Column a thru l)
		(g)	(h)	(i)	(j)	(k)	(l)	
1	a.	21,865	21,910	21,936	21,969	22,007	22,017	21,879
	b.	18,249,115	16,546,239	14,641,810	16,060,490	16,377,035	19,450,482	200,600,040
	c.	1,797,338	1,641,119	1,449,534	1,578,409	1,610,998	1,831,992	19,530,895
2	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
3	a.	215	215	215	215	215	215	213
	b.	600,050	2,181,543	2,109,115	(342,417)	53,724	285,650	5,043,120
	c.	91,441	221,489	222,308	1,926	28,634	29,169	642,835
4	a.	2,468	2,467	2,470	2,476	2,488	2,489	2,464
	b.	3,868,621	3,464,887	3,180,491	3,652,678	4,150,169	2,933,192	39,972,891
	c.	389,252	347,221	315,643	357,837	392,541	260,854	3,957,456
5	a.	3	3	3	3	3	3	3
	b.	1,493,848	1,305,915	1,283,272	1,407,596	1,450,699	2,747,005	17,860,103
	c.	92,526	82,443	78,009	84,522	88,048	198,349	1,141,088
6	a.	23	23	23	23	23	23	23
	b.	11,125	9,300	7,749	9,105	9,461	9,864	113,300
	c.	1,567	1,327	1,106	1,290	1,460	1,642	16,456
7	a.	135	135	135	135	135	135	135
	b.	376,671	364,471	375,512	529,822	460,394	544,585	5,476,009
	c.	35,426	34,639	35,412	45,722	40,772	46,679	492,783
8	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
9	a.	0	0	0	0	0	0	0
	b.	0	0	0	0	0	0	0
	c.	0	0	0	0	0	0	0
10		24,709	24,753	24,782	24,821	24,871	24,882	24,715
11		24,599,430	23,872,355	21,597,949	21,317,274	22,481,482	25,970,778	269,065,463
12		2,487,550	2,328,238	2,102,012	2,069,706	2,162,453	2,368,685	25,781,513
13		16,029	25,773	17,919	39,369	16,738	63,666	321,787
14								0
15		26,451,000	25,669,200	23,223,600	22,921,800	24,191,400	27,828,600	289,238,400
16		0	0	0	0	0	0	0
17		1,545,234	1,501,487	1,365,089	1,311,488	1,386,092	1,605,210	16,726,332
18		0	0	0	0	0	0	0
19		56,250	50,963	45,122	43,013	48,069	56,976	56,976